

1 Jon S. Dawson  
2 Garrett C. Parks  
3 DAVIS WRIGHT TREMAINE LLP  
4 188 W. Northern Lights, Blvd., Suite 1100  
5 Anchorage, Alaska 99503-3985  
6 Telephone: 907-257-5300  
7 Facsimile: 907-257-5399  
8  
9 Attorneys for Citicorp Credit Services, Inc. (USA)

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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ALASKA

CITICORP CREDIT SERVICES,  
INC. (USA),

Plaintiff,

v.

ALASKA LAW OFFICES, INC.,

Defendant.

Case No. \_\_\_\_\_

**COMPLAINT**

Plaintiff Citicorp Credit Services, Inc., (USA) ("Plaintiff" or "CCSI"), alleges as follows:

**PARTIES AND JURISDICTION**

1. CCSI is a Delaware corporation with a principal place of business in Florida.
2. Alaska Law Offices, Inc. is an Alaska corporation with a principal place of business at 240 East Tudor Road, Anchorage, Alaska 99508.

4. Complete diversity of citizenship exists between the parties and the amount in controversy exceeds \$75,000.00, giving this Court jurisdiction under 28 U.S.C. §1332.

5. During the last several years and as of the filing of this complaint, Alaska Law Offices, Inc., and Walker (collectively, “ALO”) have had an attorney-client relationship with CCSI and/or its parent, Citibank, N.A., successor in interest to Citibank (South Dakota), N.A., and other affiliates (collectively, “Citi”).

7. CCSI and ALO are parties to an “ATTORNEY COLLECTION SERVICES MASTER AGREEMENT” that includes certain “Citi Work Standards” (collectively, the “Agreement”). CCSI entered into the Agreement with ALO for the benefit of Citi.

8. Under the Agreement, ALO performs legal services in connection with collecting the Accounts (“Legal Services”), for which Citi pays ALO a contingent fee of 19% of the sum of the gross debt collected, excluding reimbursed court costs.

9. ALO has been paid thousands of dollars for services in connection with the 380 Accounts.

1           10.    The Agreement states: “Notwithstanding any other section or provision of  
2 the Agreement, Citi may recall or transfer to another law firm (collectively referred to as  
3 the “Recall”) any or all Accounts for any reason, including those reduced to judgment,  
4 whether or not payments are being made on the Account.”

6           11.    The Agreement states: “All Customer Data, files and Accounts are the  
7 property of Client [Citi] and/or Citi Affiliates and that Law Firm [ALO] shall return to Citi  
8 or its designated representatives all such Customer Data within seven (7) business days of  
9 written notification of Recall (‘Recall Notification’).”

11           12.    The Agreement states: “Law Firm shall fully cooperate in the Recall, shall  
12 do all things necessary to carry out the Recall, and shall be responsible and pay for any  
13 costs associated with the Recall.”

15           13.    The Agreement states: “In addition to returning Customer Data, within seven  
16 (7) business days of the Recall Notification, for each recalled account, Law Firm shall  
17 provide to Citi or to Citi’s designated representative the following information and  
18 documents:

- 19                   (i)    the physical files related to the Accounts;  
20                   (ii)   copies of all pleadings filed in any litigation relating to the Account,  
21 including copies of all orders and judgments, if any, related to the accounts;  
22                   (iii)   copies of the abstracts or any other documents reflecting judgment  
23 liens with respect to the Accounts;  
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1 (iv) Law Firm's ledger sheets or print outs of all financial information  
2 related to the Accounts, such as judgment amounts, payments, interest, costs, attorneys'  
3 fees, etc.;

4  
5 (v) the names, addresses and telephone numbers of the customer's  
6 attorneys, if any; and

7 (vi) notification of pending dates or deadlines with respect to the  
8 Accounts."

9  
10 (The Customer data, files, pleadings, papers, and information required to be provided by  
11 ALO following receipt of the Recall Notification are hereinafter referred to as "Account  
12 Information.")

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14 14. The Agreement states: "Upon the sending (electronic or other means) of the  
15 Recall Notification, Law Firm shall not be entitled to any fees, claims for payments, unjust  
16 enrichment claims or any other compensation claims including, without limitation, the  
17 contingent fee set forth in the Attorney Agreement."

18  
19 15. The Agreement states: "[A]ll disputes and matters arising under, in  
20 connection with, or incident to this Agreement shall be governed by, and construed in  
21 accordance with, the laws of the State of Texas, without regard to its principles of conflict  
22 of laws."

1           16. Citi maintains offices in Texas. Citi's Default Legal Services division,  
2           which audits collection firms such as ALO and assists in their management, is located in  
3           Texas.

4  
5           17. On March 28, 2013, ALO was sent a Recall Notification, which informed  
6           ALO of the recall of all Accounts. A copy of the Recall Notification is attached as Exhibit  
7           1.

8  
9           18. The Recall Notification requested that, within seven (7) business days, ALO  
10          provide the Account Information.

11          19. ALO did not comply with the Recall Notification.

12          20. Rather than comply with the Recall Notification, ALO responded on April  
13          11, 2013 by demanding that Citi pay ALO \$375,418.30 before ALO would release the  
14          Account Information. A copy of ALO's response is attached as Exhibit 2. ALO made  
15          such demand despite the fact that its response acknowledges that, under the Agreement,  
16          ALO is not entitled to payment of any further attorneys' fees.

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18          21. ALO also threatened—contrary to CCSI's rights under the Agreement, and  
19          contrary to Texas law—that if Citi refused to agree to ALO's terms, it would immediately  
20          file statutory attorneys' fees liens under Alaska Statute 34.35.430 in each of the Citi  
21          Account cases pending in the Alaska court system. ALO made such threat despite the fact  
22          that its response acknowledges that the Agreement is governed by Texas law.  
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1           22.    ALO further demanded—contrary to the express terms of the Agreement—  
2           that Citi pay the cost of reproducing the Account Information as a condition of returning it  
3           to Citi.

4  
5           23.    ALO’s refusal to return Citi’s property is a breach of ethical and fiduciary  
6           duties owed by ALO and Walker to Citi.

7           24.    ALO’s refusal to return the Account Information is highly prejudicial to Citi  
8           and its consumer debtors. Citi is required by law to accurately account to its consumer  
9           debtors for payments made by those debtors on their accounts. By wrongfully  
10          withholding the Account Information, ALO is creating an accounting nightmare for Citi  
11          because Citi cannot be sure of the accuracy of payments received. ALO is also  
12          prejudicing Citi’s ability to pursue the litigation related to the Accounts and to monitor the  
13          status of the Accounts pending in the Alaska court system.

14  
15          25.    If ALO does not provide the Account Information, Citi and Citi customers  
16          will suffer immediate and irreparable harm for which there is no adequate remedy at law.  
17          Specifically, if the Account Information is not immediately provided to Citi:

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19               (a)    Account information may be inaccurate and could cause inaccurate  
20               credit reporting to consumer credit reporting agencies, thereby adversely affecting Citi  
21               customers;

22               (b)    Citi customers will also be harmed if any payments received on their  
23               Accounts are not properly credited;  
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1 (c) Citi cannot properly and/or quickly transition the Accounts to new  
2 counsel without the Account Information thereby preventing the transition and/or making  
3 the transition fraught with risk of errors;  
4

5 (d) Citi cannot substitute in new counsel without having that Account  
6 Information to file substitutions with the various Alaska courts; and  
7

8 (e) Citi and its new counsel cannot properly appear before Alaska courts  
9 where collection cases relating to the Accounts are pending without the Account  
10 Information since doing so will create the risk of not being able to be accurate and truthful  
11 to the courts.  
12

13 24. The immediate and irreparable harm to Citi and its customers cannot  
14 adequately be remedied by money damages.

15 **Count I: Declaratory Relief**

16 25. CCSI incorporates the previous paragraphs as if set forth in their entirety.

17 26. CCSI is entitled to a declaratory judgment as to its rights and obligations  
18 under the Agreement, as to the effect of ALO's claim for additional compensation and  
19 declaratory judgment that it has no liability to ALO for any additional compensation under  
20 the Agreement.  
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22 27. CCSI is entitled to a declaratory judgment as to its rights under the  
23 Agreement and as to the effect of ALO's refusal to provide the Account Information.  
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CCSI is entitled to a declaratory judgment that ALO is obligated to immediately provide the Account Information to Citi, all costs of returning the same to be paid by ALO.

28. CCSI is entitled to a declaratory judgment as to its rights under the Agreement and as to the effect of any notices of lien ALO files in Alaska and as to the effect of ALO's claim to fees in such cases. CCSI is entitled to a declaratory judgment that any notices of lien are void and have no legal effect.

### **Count II: Breach of Contract**

29. CCSI incorporates the previous paragraphs as if set forth in their entirety.

30. CCSI and ALO are parties to the Agreement.

31. The Agreement provides that upon receipt of a Recall Notification, ALO is obligated to provide the Account Information within seven (7) business days.

32. ALO received a Recall Notification on March 28, 2013.

33. ALO has failed to provide the Account Information.

34. ALO has breached the Agreement by, among other things, failing, refusing or neglecting to comply with the Recall Notification.

35. CCSI has suffered damages as a result of ALO's breach of the Agreement.

### **PRAYER FOR RELIEF**

WHEREFORE, CCSI requests:

(1) That the Court issue a declaratory judgment regarding CCSI's rights and obligations under the Agreement to the effect that (a) CCSI and/or Citi owes ALO no



1 further compensation for Legal Services; (b) ALO is obligated to immediately provide the  
2 Account Information; and (c) that any notices of lien filed by ALO in any suits filed on the  
3 Accounts are void and have no legal effect;

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5 (2) That ALO be ordered to immediately provide the Account Information, costs  
6 of doing so to be paid by ALO;

7 (3) That ALO be temporarily and permanently enjoined from asserting statutory  
8 liens on any judgments in any suits filed on the Accounts pending in the Alaska court  
9 system;

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11 (4) That CCSI be awarded a judgment on its claim for breach of contract;

12 (5) That CCSI be awarded actual damages caused by ALO's wrongful acts,  
13 along with all of its attorneys' fees and costs; and

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15 (6) That CCSI be awarded other equitable and legal relief as is just and proper  
16 under the circumstances.

17 Respectfully submitted this 26th day of April, 2013.

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19 DAVIS WRIGHT TREMAINE LLP  
20 Attorneys for Plaintiff Citicorp Credit  
Services, Inc. (USA)

21 By: /s/ Jon S. Dawson  
22 Jon S. Dawson, ABA #8406022  
23 DAVIS WRIGHT TREMAINE LLP  
24 188 W. Northern Lights, Blvd., Suite 1100  
25 Anchorage, Alaska 99503-3985  
Telephone: 907-257-5300  
Facsimile: 907-257-5399  
Email: jondawson@dwt.com

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By: /s/ Garrett C. Parks  
Garrett C. Parks, ABA #1011086  
DAVIS WRIGHT TREMAINE LLP  
188 W. Northern Lights, Blvd., Suite 1100  
Anchorage, Alaska 99503-3985  
Telephone: 907-257-5300  
Facsimile: 907-257-5399  
Email: garrettparks@dwt.com